Collection of Taxes

2318. SHRI M.V. MYSURA REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Central and State Governments are collecting taxes and duties like customs, Central excises, VAT and service tax on manufacture and sale of various commodities;

(b) whether it is also a fact that all these taxes and duties will pass on to the consumer as prices of the commodities;

(c) whether there is any proposal before Government to advise the manufacturers to publish the details of taxes and duties on each commodity as a transparency; and

(d) if so, what is the approximate percentage of tax and duties on the price of commodities?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) The Central Government is responsible for collection of indirect taxes namely, customs duties on imported/export goods, excise duties on manufactured items and service tax on specified services. By very nature of these taxes, they are likely to be passed on to the ultimate consumer. But, whether they will be passed on or not will be a decision of the importer/manufacturer/service provider.

VAT is levied by the State Governments on purchase or sale of goods within a State by virtue of Entry 54 of State List of Seventh Schedule of the Constitution. VAT being an indirect tax on goods is generally passed on to the consumers.

(c) The information is being collected and would be laid on the Table of the House.

(d) The percentage of taxes and duties in the price of commodities varies from item to item and it is not possible to estimate quantum of tax and duties as percentage of final price of commodities.

Revised Guidelines for Allotment of PAN

2319. SHRI M.V. MYSURA REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Income Tax Department has issued revised guidelines for allotment of PAN to Indians living abroad, foreign citizen or a company, trust or firm not having an office in India;

(b) if so, the details thereof;

(c) the number of such individuals issued with PAN during the last three years and the expected increase in the revised guidelines; and

(d) the details of a comparative statement of tax collections during the last three years from such foreign nationals and the expected inflow of tax collections post revised guidelines?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir.

(b) The requirement of having a representative assessee in India by a non-resident for allotment of PAN has been dispensed with. Further, the procedure for allotment of PAN to non-residents has been streamlined.

(c) The number of PAN allotted to persons who are not citizens of India during the last three financial years is as under:

2003-04	15,234
2004-05	22,235
2005-06	48,901
2006-07 (till 10.03.2007)	34,519

It is not possible to estimate the increase in allotment of PAN to non-residents that can be attributed to the issue of revised guidelines.

(d) Separate details of tax collections from non-residents are not being mantained at an all-India level. However, details of tax collection from non-residents who are assessed to tax with the Director General of Income-tax (International Taxation) are as under:

F.Y.	(Rs. in crores)
2003-04	3,311
2004-05	5,991
2005-06	8,175
2006-07 (till February 2007)	7,931

It is not possible to quantify the collection from non-residents that is attributable to the issue of revised guidelines for allotment of PAN to them.

Increase in Cash Reserve Ratio

†2320. SHRIMATI SUSHMA SWARAJ: Will the Minister of FINANCE be pleased to state:

(a) whether the Cash Reserve Ratio has been increased by the Reserve Bank of India during the year 2006-07;

(b) if so, the extent to which this increase has been made; and

(c) the increase in the interest rates of the loans being provided by the banks due to the increase in the CRR?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) In view of the paramount need to contain inflation expectations and in the light of liquidity conditions, it was decided to increase the Cash Reserve Ratio (CRR) of scheduled commercial banks, regional rural banks, scheduled co-operative banks and scheduled primary (urban) co-operative banks by one percentage point in four stages of 25 basis points each of their net demand and time liabilities (NDTL), effective from the fortnights indicated below:

Effective Date (*i.e.* the fortnight beginning from)	CRR on NDTL (per cent)
23rd December, 2006	5.25
6th January, 2007	5.50
17th February, 2007	5.75
3rd March, 2007	6.00

(c) The CRR does not have linear impact on the rate of interest, which is also affected by other factors like Bank Rate, Repo Rate, cost of funds, operating expenses, transaction cost risk, etc. the interest rates are determined by the banks themselves with the approval of their Board of Directors after taking into consideration the above factors, in a

†Original notice of the question was received in Hindi.